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17 ATTORNEYS FOR PLAINTIFF
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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

TARI LABS, LLC,

Plaintiff,

v.

LIGHTNING LABS, INC.,

Defendant.

Case No. 3:22-cv-07789-WHO

**REPLY DECLARATION OF NAVEEN
JAIN IN SUPPORT OF PLAINTIFF'S
MOTION FOR PRELIMINARY
INJUNCTION**

Date: March 8, 2023
Time: 2:00 p.m.
Judge: Hon. William H. Orrick
Courtroom: Via Zoom videoconference

1 I, Naveen Jain, declare:

2 1. I am Chief Executive Officer of Tari Labs, LLC (“Tari”). I have more than six
3 years of experience in the cryptocurrency and blockchain markets, and nearly 25 years in digital
4 entrepreneurship. I base this declaration on facts within my personal knowledge and documents
5 and information that I have reviewed in the course of performing my job responsibilities. If called
6 upon to testify, I could and would testify competently to the information below.

7 **Lightning Labs’ Infringement is Knowing and Intentional**

8 2. Lightning Labs’ CEO, Elizabeth Stark, and I have been acquaintances for several
9 years. When she lived in California, we would occasionally grab dinner or drinks.

10 3. I have attended events at Lightning Labs’ office at the invitation of Elizabeth and
11 Lightning Labs’ CTO, Olaoluwa Osuntokun, and have been privately and publicly supportive of
12 them and Lightning Labs. After one of these events, Elizabeth and I stayed late into the evening
13 discussing strategies to amplify our respective products and services and increase fundraising.

14 4. Because of our relationship, when Lightning Labs announced TARO in April, 2022,
15 the Tari team decided I should speak with Elizabeth since we both had plans to attend Crypto
16 Bahamas 2022 that same month. We also felt that going straight to the top, *i.e.*, Lightning Labs’
17 CEO, stressed the importance of our concerns.

18 5. While at the event, I direct messaged Elizabeth explaining that Tari has a trademark
19 for TARI® and that the two names will cause confusion. Elizabeth responded that TARO was not
20 consumer facing and was named after a root vegetable. (Dkt. No. 30.) Unconvinced, I insisted we
21 meet face-to-face so that we could discuss. (*Id.*)

22 6. Elizabeth and I met in person while at the conference and Elizabeth dismissed my
23 concerns and claimed that TARO would not be consumer facing.

24 7. After the conference, I spoke with the Tari team.

25 8. The Tari team agreed on an approach to bring the subject up again with Elizabeth
26 and stress the seriousness and urgency of this issue. We hoped that we could come to a resolution
27 without burdening the court.
28

9. In June, another Tari co-founder direct messaged Elizabeth and tried again on behalf of Tari. We offered to help Lightning Labs “brainstorm a new name,” come up “with some logo concepts,” and “frame the announcement of the name change so that it is a positive, joyous thing.” We even offered extended use of our “excellent team of designers” and, for transparency, shared a screenshot of actual confusion that occurred on our Tari Telegram Channel, a social media platform. Elizabeth never responded. We followed up a few days later, and again Elizabeth ignored our attempts at resolution. Attached as **Exhibit 1** is a true and correct copy of these direct messages from Tari to Lightning Labs dated June 18 and June 23, 2022.

10. On September 12, 2022, we sent a cease-and-desist letter directly to Elizabeth.

11. We followed up multiple times, and on September 27, 2022, the day before Lightning Labs launched its alpha version of its TARO protocol, counsel for Lightning Labs finally responded offering a co-exist agreement. We declined and promptly engaged present counsel.

12. On September 28, 2022, the day after Lightning Labs responded to our cease-and-desist, Lightning Labs publicly launched its test “alpha daemon” version of its infringing Taro protocol.

13. In my view, our approach prior to filing this lawsuit reflected reasonable and diligent efforts by Tari in balancing protecting its trademark with trying to resolve this dispute out of court with Lightning Labs.

Lighting Labs’ TARO Protocol is Public Facing

14. In my earlier declaration, I attached countless examples of public statements by Lightning Labs demonstrating that TARO is a protocol that will be used by ordinary, everyday users, who will need to know whether their assets are built to work on the TARO’s protocol, the TARI® protocol, or another blockchain, or else risk confusion and frustration. Here is just a small sampling of those examples:

- Elizabeth Starks’s statement that the ideal TARO user is “somebody who doesn’t want to understand the protocol or bitcoin. It’s just somebody who wants to transact cheaply and globally without holding bitcoin themselves,” (Jain Decl. ¶ 22)
- Statements made by Mr. Osuntokun at the Starkware Sessions 23 conference that (1) TARO “also support normal and collectible assets ... where people call you know nfts”

[https://www.youtube.com/watch?v=pStJqHrJhVs, (at 11:47 – 11:56); and (2) that TARO would be able to conduct “auction swaps.” *Id.* at 12:39-12:47.

- Statements made by Elizabeth Stark in a *Bitcoin Magazine* article regarding Taro dated April 5, 2022, where she said (1) “Taro seeks to enable the issuance of assets and collectibles, which are the protocol’s form of non-fungible assets, on Bitcoin as well as their transfer on Lightning in a private and secure manner without bloating the blockchain. ... The design principles of Taro on Lightning draw from that of the internet, where you have complexity at the edges, but you keep the simplicity in between,” The article further identified that a tokenized baseball card or a treasured reward for videogamers, would be the type of digital assets available on TARO (Jain Dec. Ex. 20).
- The Lightning Labs FAQs Page that advises users that “You Taro wallet will need to store Taproot keys as well as Taro keys, plus the knowledge of which assets were held in which UTXOs” (Jain Dec. Ex. 12)
- Statements for Defendant’s Technical Content Lead, Leo Weese, that (1) “... there will be assets ON Taro, hopefully some stablecoins, but maybe also assets similar to ‘wrapped’ assets, or tokenized gold. It is also possible to create unique assets (like NFTs), but whether there is a strong appetite for other things on Bitcoin’s network, I don’t know.”; (2) “gaming is definitely a big market, and there are already successful gaming startups in the Lightning ecosystem; and (3) “The biggest hurdle for the Lightning Network at this moment is “finding people that are willing to sell products over the Lightning Network, and others who want to buy things with it.” (Jain Decl. Ex. 13)
- Statements by Defendant’s CTO that: “[a]s an example, if Alice wants to send Bob a Taro stablecoin asset, she’ll create a new invoice that quotes, say, \$10,” and the TARO protocol will do the rest, i.e., “[t]he Taro protocol will specify the extra information that needs to be sent to the Lightning peers at the edges in order to update all channels properly, he added.” (Jain Decl. Ex. 20)

15. These statements show that Lightning Labs intends for TARO to be consumer-facing in multiple marketplace scenarios. But during our pre-lawsuit discussions, Lightning Labs insisted that TARO would not be consumer-facing and underrepresented the scope of its public use. As we now realize, at the same time Lightning Labs was pushing forward toward the public-facing release of the protocol.

16. TARO will be used by everyday consumers for a wide range of digital assets, including digitized baseball cards and in-game items for online games, and that the key to its success will be finding enough buyers and sellers to use TARO.

TARI® Has a Strong Market Presence

17. Lightning Labs’ claim that TARI® doesn’t have a strong presence in the market is not accurate. TARI® products have thousands of downloads and TARI® has thousands of subscribers to its various social media pages. For example, there have been over 1,000 downloads

1 of the TARI Aurora Wallet from the Google Play Store, over 2,000 members on Tari's site on the
 2 apps Discord and Telegram, and nearly 8,000 followers on @Tari's Twitter account. Attached as
 3 **Exhibit 2** is a collection of true and correct copies of Tari's downloads and following.

4 18. Lightning Labs' suggestion that the TARI® trademark is invalid due to an improper
 5 assignment of rights from AccessCoin to Tari does not hold water. AccessCoin, the parent
 6 company of Tari, assigned its protocol business, including trademarks, to Tari, its subsidiary.
 7 Public records show that we are registered to the same address, and that AccessCoin, LLC is a
 8 manager of Tari. Attached as **Exhibit 3** is a collection of true and correct copies of public records
 9 showing the relationship between AccessCoin and Tari.

10 **The TARI® Platform is Not Limited to the Monero Blockchain**

11 19. It is incredible that Lightning Labs' claims that its product differs from ours because
 12 TARI® is built on the Monero blockchain and TARO is built on the Bitcoin blockchain. In my
 13 experience, developers "go where the action is" *i.e.*, they are drawn to work on software where the
 14 developers think the best or most opportunity for development presents itself. I personally know
 15 developers who develop for multiple platforms and protocols. If there are developers who work on
 16 a single protocol or platform like Bitcoin, they are far from the majority of developers.

17 20. As purported industry experts, Lightning Labs must know that TARI® leverages
 18 Monero as a security foundation, but it can operate independently from Monero, and blockchain
 19 protocols like TARI® and TARO can be made interoperable with other blockchains so that it is
 20 foreseeable that a TARI asset could end up on the Bitcoin blockchain and vice versa. In 2018,
 21 before TARO's inception, Tari had announced plans to build "a standards compliant [] router," that
 22 would make "compatible [] Bitcoin, Monero, and Tari." Attached as **Exhibit 4** is a true and correct
 23 copy of a Nasdaq article dated May 22, 2018, wherein this announcement was covered.

24 21. It is surprising that Lightning Labs' insists that our products could never end up
 25 side-by-side when the market already allows for this, and is moving more and more in that
 26 direction. Another real-world example is Wrapped Bitcoin, an Ethereum-based token that enables
 27 bitcoin (the cryptocurrency) transfers on the Ethereum blockchain.

22. Lightning Lab's CTO recently presented at an Ethereum conference, Starkware Sessions 2023, on how Ethereum products and services can be integrated into the Bitcoin developer ecosystem. Attached as **Exhibits 5 and 6** are a true and correct copy of this tweet and Starkware Sessions 2023's website homepage.

23. Obviously, developers, creators, and consumers often interact with more than one blockchain, even where there are allegiances. Beyond Lightning Labs CTO's foray into the Ethereum ecosystem, there are countless poignant examples. Yuga Labs and the Ordinals protocol is particularly illustrative.

Yuga Labs and the Ordinals Protocol are a Glimpse Into a Preventable Future

24. Yuga Labs is one of the most popular NFT creators. One of its Cryptopunk NFTs sold for \$23 million. Attached as **Exhibit 7** is a true and correct copy of a CryptoSlate article dated February 13, 2022 covering this sell.

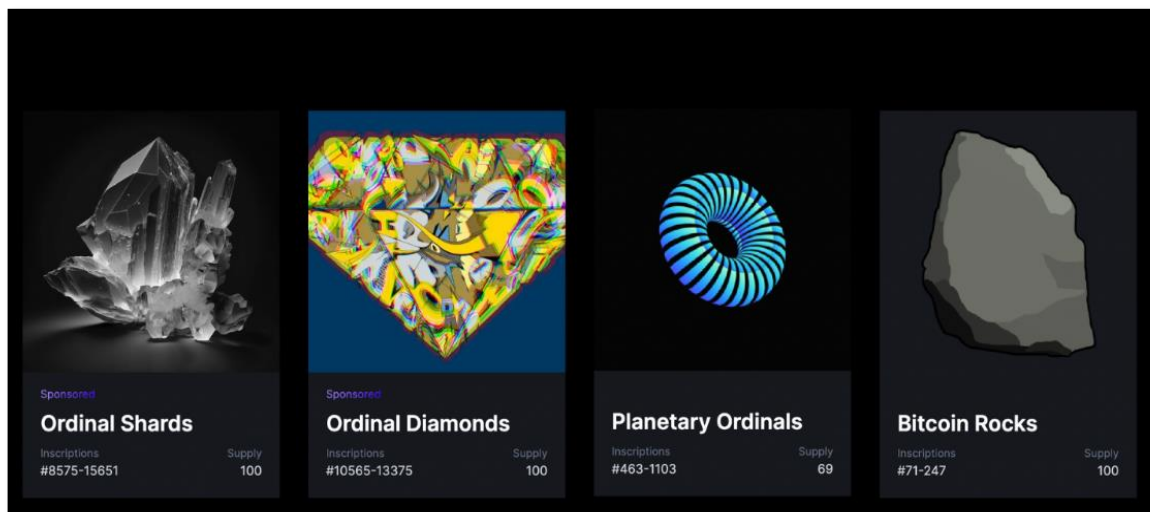
25. It is also known for being one of the oldest NFT creators on the Ethereum network but it recently announced that it was expanding from Ethereum to Bitcoin using another digital assets protocol, called Ordinals. Attached as **Exhibit 8** is a true and correct copy of a Blockworks article covering Yuga Labs announcement of its debut on Bitcoin dated February 28, 2023.

26. Until Bitcoin's recent update, the Taproot Asset Representation Overlay, on which Lightning Labs' TARO is built, Bitcoin could not support digital assets. (Because this is very recent, it makes no sense that Lightning Labs' points out that our examples of confusion do not show Bitcoin based networks and protocols when creating or browsing NFTs.)

27. When commenters asked why Yuga Labs expanded from Ethereum to Bitcoin, it replied "Stepping into the Ordinals Discord a month ago felt like getting a glimpse of the 2017-era Ethereum NFT ecosystem." *See* Exhibit 8 above.

28. Ordinals is similar to TARI® and TARO, and is a real-world example of how TARO will be public facing and confusing if it is allowed to launch under its infringing name.

29. Yuga Labs has not announced the details of its impending auction but within a month of the announcement, wallet developers have jumped at the opportunity to build on Ordinals and cater to consumers eager to purchase a Yuga Labs NFT. On February 15 Xverse Wallet announced that it had “launched 1st class support for ordinals”; on February 16 an unaffiliated “Ordinals Wallet” launched; and Hiro Wallet released that it would “roll out expansive support for both Stacks-based NFTs and Ordinal inscriptions.” Attached as **Exhibit 9** is a true and correct copy of an NFT now article dated March 1, 2023 covering the launch of these Ordinals wallets.



30. NFT marketplace, like OpenSea, will also soon promote that they also support Ordinals assets, as they are being called. *See* Exhibit 9 above.

TARO-Branded Products are Already on the Market

31. Lightning Labs’ claim that it “does not offer, and has no plans to ever offer, a TARO-branded blockchain, a TARO-branded wallet, or a TARO-branded token” is meaningless. There is already a TARO wallet in the development stages, and it provides “Taro (testnet) cryptocurrency.” This wallet does not appear to be created by anyone on Lightning Labs’ team, but that is exactly the point. As Lightning Labs’ must know, the nature of open-source code means that anyone can create a “TARO-branded blockchain, a TARO-branded wallet, or a TARO-branded token.” Lightning Labs actively encourages creators and developers to develop consumer facing products. Attached as **Exhibit 13** is a copy of the Taro web wallet website.

32. The TARO wallet will compete directly against the TARI® wallet for consumers. This will lead to widespread confusion as consumers search, download, and/or purchase wallets for digital assets.

33. Consumers will also need to know whether they are purchasing a “TARO asset,” or a “TARI® Asset,” as denominated in articles already. Likewise, invoices for digital assets will specify whether it is a TARO asset or a TARI® asset. (Jain Dec. Ex. 20).

34. Again, Lightning Labs’ claim that it does not plan to launch a TARO-branded token will not prevent confusion. Lightning Lab seemingly admits this on its own website. ((*Id.* (“be aware of anyone trying to sell you [a TARO Token]! But there will be assets ON Taro, hopefully some stablecoins . . .”))).

35. The danger of such confusion was demonstrated last week when a popular crypto exchange site, Coinbase, announced the launch of a layer two blockchain network, called Base. Despite Coinbase’s explicit statements that it had no plans to launch a token in connection with the BASE network, cryptocurrency enthusiasts bought an unrelated and unaffiliated token named BASE, causing the token’s price temporarily to rise 250%. Attached as **Exhibit 10** is a copy of an article from TheBlock dated February 23, 2023, reporting on the confusion.

Tari’s Examples of Confusion Show Inevitable Confusion Will Occur

36. In my earlier declaration I discussed five real world examples of how and where consumers may get confused between TARI and TARO. The TARO Wallet and TARO cryptocurrency, Ordinals and Yuga Labs underscore those examples. TARI® and TARO will end up side-by-side on these platforms, and it will inevitably confuse developers, creators, and end users. As further illustration of how that confusion will arise, annexed hereto are demonstrative examples, **Exhibit 11**, illustrating how the confusion will likely occur once TARO launches.

37. Lightning Labs’ attempts to discredit the examples make no sense. Sites like OpenSea and OpenZeppelin do not currently support Bitcoin, because until the recent upgrade, the Taproot Asset Representation Overlay that enabled TARO, the creation of digital assets on Bitcoin was not feasible. The current NFT marketplaces like OpenSea, and coding wizards, like OpenZeppelin, will expand to support other blockchains and protocols or new marketplaces and wizards will.

1 38. Lightning Labs' hang up on nomenclature doesn't reflect the current state and
 2 evolution of the market, which defies the standard every day. Several of the protocols listed on the
 3 example aren't just one of anything or are a combination of several. Polygon, for example, which
 4 OpenSea and the Coinbase Wallet support is a Layer 2 protocol built on the Ethereum blockchain,
 5 but it is also its own blockchain. Likewise, Solana, Cosmos, and Starknet do not fit neatly into
 6 these categories.

7 39. As the market changes, the nomenclature on these sites will too. Whether these
 8 developers choose to list TARI® and/or TARO under Chains, Network, by logo, or by name, will
 9 ultimately be up to the developers, and under a free open-source code, it is less about precise
 10 nomenclature but is to alert consumers that the platform or application sells what consumers came
 11 to buy. This must be communicated to consumers or consumers will not bother with the product or
 12 service.

13 **Confusion is Already Rampant in the Digital Assets World**

14 40. The blockchain industry has had a lot of negative press recently and it is important
 15 to its future success that it weeds out bad actors and malfeasance. Preventing further consumer
 16 losses and confusion is clearly critical to these efforts. Lightning Labs should be enjoined because
 17 it undermines these efforts at the expense of Tari.

18 41. Other users have mistyped Tarø when meaning to type Tari. Attached as **Exhibit 12**
 19 is a collection of true and correct copies of these instances on Tari's Telegram Channel.

1 I declare under penalty of perjury that the foregoing is true and correct to the best of my
2 knowledge.

3
4 Dated: March 2, 2023

DocuSigned by:
Naveen Jain
By: 91E1A101956A45A...
NAVEEN JAIN